



Oklahoma

Benefits From Exports

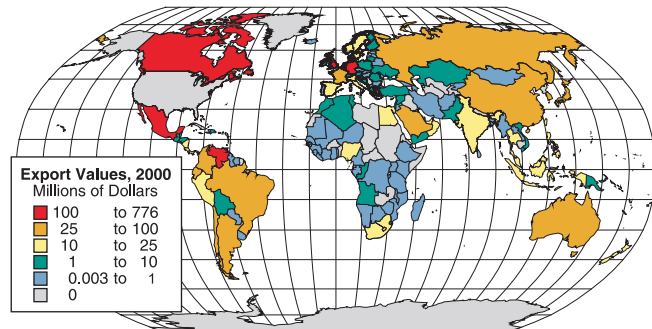
Oklahoma export sales of merchandise for the year 2000 totaled \$3.26 billion, up by nearly 20 percent from 1997 and 40 percent higher than the state's 1993 total of \$2.33 billion. During 1999–2000, Oklahoma ranked seventh nationally in terms of export growth.

Oklahoma exported globally to 163 foreign destinations in 2000. The state's leading markets, by far, are the North American Free Trade Agreement (NAFTA) countries of Canada (24 percent of 2000 exports) and Mexico (15 percent). Other major markets—each with 2000 export sales of more than \$100 million—include Belgium, Venezuela, the Netherlands, Germany, and the United Kingdom.

The NAFTA nations of Mexico and Canada are also among Oklahoma's three top growth markets, viewed in terms of dollar gains recorded during 1997–2000. Over this period, Mexico was the state's biggest growth market, with sales increasing from \$240 million to \$491 million—a rise of 105 percent. Belgium was Oklahoma's second-ranked growth market (sales up from \$42 million to \$224 million), followed by Canada (up from \$670 million to \$776 million). Other markets to which Oklahoma registered sizable dollar gains were Germany, Russia, Ecuador, and Australia.

OKLAHOMA EXPORTED GOODS WORTH \$3.3 BILLION TO 163 FOREIGN MARKETS IN 2000

Dollar Value of Oklahoma's Merchandise Exports to Foreign Markets, 2000

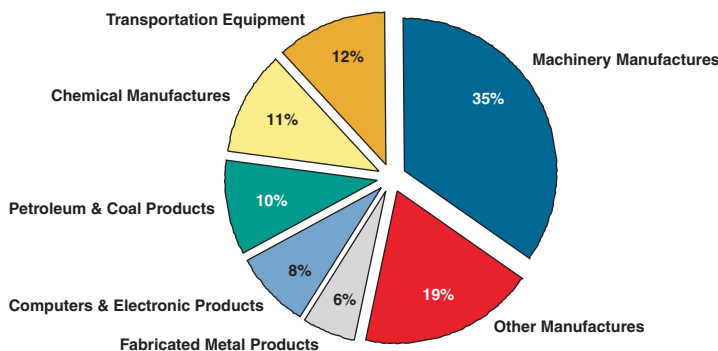


Source: U.S. Department of Commerce, Exporter Location Series.

Oklahoma's leading export category is machinery manufactures. Export sales of these goods were \$1.07 billion in 2000, accounting for one-third of Oklahoma's total merchandise exports. Other major export products—each with more than \$250 million in 2000 export sales—include transportation equipment, chemical manufactures, petroleum and coal products, and computers and electronic products.

Within Oklahoma, the bulk of export sales originate in Tulsa and Oklahoma City. The Tulsa metropolitan area posted 1999 exports of \$1.42 billion, nearly 60 percent of the state total. Tulsa was the 78th largest exporter of merchandise among the 253 U.S. metro areas for which export sales figures are available. Oklahoma City's exports in 1999 were \$526 million, or 22 percent of the state total.

OKLAHOMA EXPORTS A WIDE RANGE OF MANUFACTURES: \$3.08 BILLION IN 2000



Note: Manufactures are a subcategory of total merchandise exports, which also include mining commodities and unprocessed agricultural products.

Source: U.S. Department of Commerce, Exporter Location Series.

Exports Support Good Jobs

Export-related jobs tend to be good, high-paying jobs. Wages of workers in jobs supported by merchandise exports range 13–18 percent higher than the national average. Export-supported jobs are also more secure: Exporting plants are 9 percent less likely to shut down than comparable nonexporting plants.

In 1997 (latest available data), Oklahoma depended on manufactured exports for

63,900 jobs. Export-supported jobs accounted for an estimated 5.4 percent of Oklahoma's total private sector employment.

Manufactured exports supported about 30,100 jobs in Oklahoma's manufacturing industries. This was 18.4 percent of the state's manufacturing work force—slightly less than one of every five manufacturing jobs.

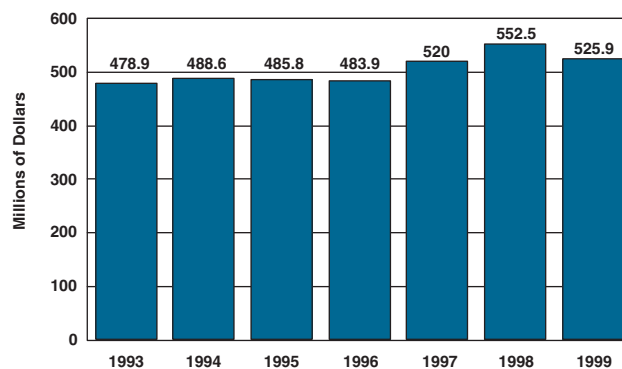
Manufacturing industries with the largest numbers of export-related jobs included machinery (8,600 export-sustained jobs), fabricated metal products (4,600 jobs), computers and electronic products (4,000 jobs), and transportation equipment (3,700 jobs). Together, these four industries accounted for roughly 70 percent of Oklahoma's export-related manufacturing jobs.

Exports of manufactured goods also indirectly supported 33,800 jobs in the state's nonmanufacturing industries. These industries supply manufacturers with a wide variety of inputs needed to produce goods for export.

Exports Help Small Business

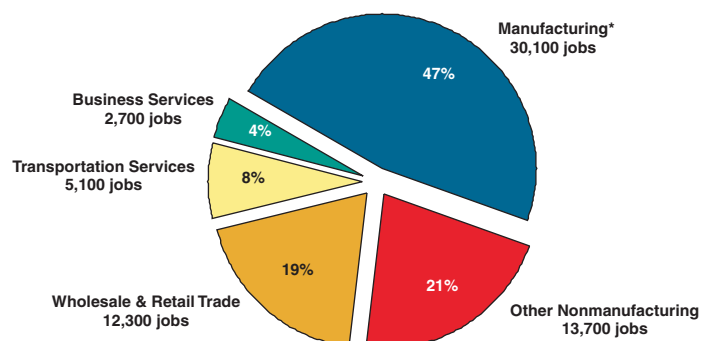
Exports have broadly benefited Oklahoma's businesses, both large and small. A total of 2,216 companies exported from Oklahoma locations in 1998. More than 78 percent of these companies, accounting for 38 percent of the state's total exports, were small and medium-sized firms that had fewer than 500 employees. In fact,

OKLAHOMA CITY'S MERCHANDISE EXPORTS GREW 10 PERCENT FROM 1993 TO 1999



Source: U.S. Department of Commerce, Exporter Location Series.

63,900 OKLAHOMA JOBS DEPENDED ON MANUFACTURED EXPORTS IN 1997



*Includes 1,000 jobs tied to exports of processed foods.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

more than 67 percent of all Oklahoma exporters were small firms with fewer than 100 workers.

TRADE PROMOTION AUTHORITY—KEY TO OPENING WORLD MARKETS

U.S. Trade Promotion Authority (also known as TPA or "fast track") is essentially an agreement between the President and Congress on how market-opening trade negotiations will be conducted and agreements approved.

Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This open process allows problems to be identified and resolved during negotiations, when agreement is most easily achieved.

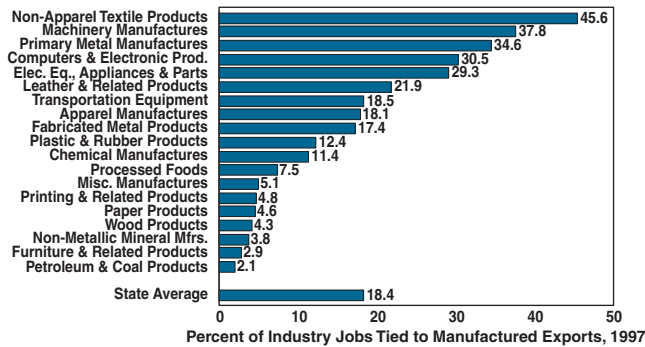
TPA preserves the ability of the United States to protect public health, safety, and the environment.

Foreign Competitors Are Not Standing Still

While previous rounds of trade negotiations were highly successful in reducing trade barriers, much work remains to be done to level the playing field for U.S. businesses. In fact, the United States has fallen behind our trading partners in combating market barriers through free trade agreements.

The United States is a party to just two of the estimated 130 free trade agreements in force worldwide. In comparison, the European Union has FTAs with 27 countries. Since U.S. tariffs are already low compared to those of our trading partners, the United States has a great deal to gain from future negotiations aimed at prying open foreign markets.

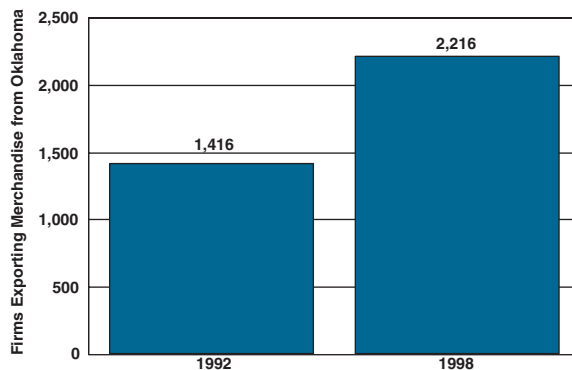
MORE THAN ONE-SIXTH OF MANUFACTURING JOBS IN OKLAHOMA WERE TIED TO EXPORTS IN 1997



Note: In 1997, 18.4 percent of the 164,100 manufacturing jobs in Oklahoma were tied to manufactured exports—some 30,100 jobs. For any given manufacturing sector, export-related employment includes all workers producing goods for export or of inputs to the export manufacturing process.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

THE NUMBER OF COMPANIES EXPORTING FROM OKLAHOMA ROSE 56 PERCENT FROM 1992 TO 1998



Source: U.S. Department of Commerce, Exporter Data Base.

Oklahoma Industries Can Gain From Trade Negotiations

Oklahoma's exporters still face many tariff and nontariff barriers abroad, especially in developing countries. While developing nations are among the most promising markets, they also tend to have high levels of import protection. Trade negotiations aimed at reducing these barriers will significantly benefit Oklahoma's businesses across many industrial sectors.

Industrial machinery. Exporters of industrial machinery continue to face barriers in many markets throughout the world. For example, tariffs on industrial machinery are as high as 30 percent in Brazil and India. This sector also suffers from the many import restrictions maintained in potentially lucrative markets, including nontransparent and preferential government procurement practices, deficiencies in intellectual property protection, investment barriers, and the

increasing use of standards as nontariff barriers to trade. In addition, restrictions on the ability to provide after-sales service greatly inhibit market access for U.S. manufacturers of complex machinery.

Chemicals. Oklahoma exports a variety of chemical products. TPA would allow the United States to build on duty reductions established under the Uruguay Round Chemical Tariff Harmonization Agreement (CTHA), which reduced tariffs to harmonized low levels on a range of products from fertilizers to plastics. Since the end of the Uruguay Round, more advanced developing countries, most of which do not participate in the CTHA, have become increasingly important chemical producers. Tariffs in Asian countries outside the CTHA range up to 60 percent. New negotiations would offer the opportunity to address tariff disparities and the many nontariff barriers facing the chemical industry, including discriminatory product registration, testing/certification, and import licensing requirements.

Civil aircraft and parts. Over the last five years, three of every five large civil aircraft produced in the United States have been exported. The World Trade Organization (WTO) Agreement on Trade in Civil Aircraft provides for duty-free import of civil aircraft and their components by the 26 signatories to this agreement. However, import tariffs in nonsignatory countries remain as high as 30 percent. A number of nontariff barriers impede Oklahoma's exports of civil aircraft and parts. For example, some countries do not promptly

OKLAHOMA: WHY TRADE PROMOTION AUTHORITY?

Trade Promotion Authority is critical for removing remaining barriers to exports of Oklahoma goods and services.

Oklahoma exporters still face major trade barriers in such sectors as industrial machinery, chemicals, civil aircraft and parts, and auto parts.

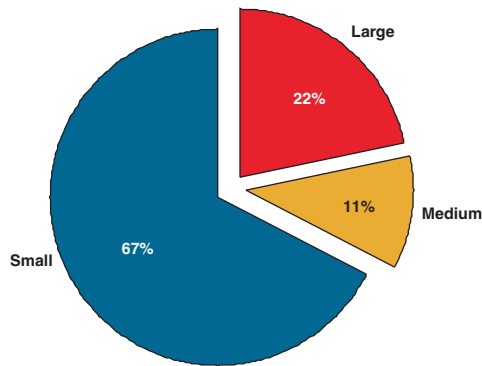
With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

Oklahoma's economy is export-dependent, with export sales of \$944 for every state resident.

Nearly 64,000 Oklahoma jobs depend on exports of manufactured goods.

2,216 companies—including 1,735 small and medium-sized businesses—export from Oklahoma.

78 PERCENT OF OKLAHOMA'S 2,216 EXPORTING FIRMS IN 1998 WERE SMALL AND MEDIUM-SIZED ENTERPRISES



Small = less than 100 employees; medium = 100–499 employees; large = 500 or more employees.
Source: U.S. Department of Commerce, Exporter Data Base.

or fully recognize the safety and international noise certification compliance of all U.S. civil aircraft.

Auto parts. The ability of the auto parts industry to increase exports will play an important role in its future growth. It will be critical to resolve the many market access barriers that confront this sector. In addition to high tariff barriers, several key nontariff barriers are unique to the auto parts sector. For example, Oklahoma parts suppliers have been denied full access to the Japanese market by restrictive regulations concerning the repair and replacement of auto parts. U.S. parts rebuilders are also unable to sell their products throughout much of South America due to import prohibitions.

Agriculture. Oklahoma produces and exports agricultural products. According to the U.S. Department of Agriculture, Oklahoma's agricultural exports totaled \$440 million in 1999. Since 1991, the state's reliance on agricultural exports has risen from 8 percent to 11 percent as measured by export's share of farm cash receipts. Oklahoma's top agricultural exports are wheat and products, poultry and products, feed grains and products, live animals and red meats, and soybeans and products. Oklahoma already benefits from past trade agreements. Under the Uruguay Round, limits were set on subsidized wheat exports, and Mexico eliminated import licensing for wheat and is phasing out tariffs under NAFTA. South Korea eliminated its import quotas on frozen chicken (whole and parts) in 1997 and is progressively reducing its tariffs to between 18 to 20 percent by 2004. Under NAFTA, Mexico converted its import licensing regime for chilled and frozen poultry to a transitional tariff-rate quota

that will be phased out by 2003. However, U.S. agricultural exports still face high tariffs and nontariff barriers worldwide.

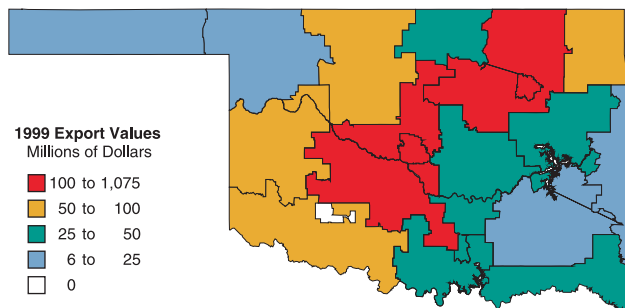
Services. Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of U.S. exports to the world. Service exports in 2000 totaled \$296 billion; the United States ran a surplus of nearly \$80 billion in services trade with the world. Exportable services include transportation services (e.g., air freight), financial services (e.g., banking, insurance) and business services (e.g., engineering, architecture). Service industries confront a wide range of barriers abroad. Trade Promotion Authority will provide added impetus to the new round of global services trade negotiations now under way to dismantle these barriers.

Imports Also Important to Oklahoma

While exports generate clear benefits for the Oklahoma economy (jobs, wages, expanded tax base, etc.), the role of imports is less clear—especially since no import statistics are available for states on an end-user basis. Although many often equate imports with “lost” jobs, the reality is usually much more complex. For example, there is no doubt that imports supply critical inputs for many of the goods and services produced in Oklahoma, including products destined for export. Imports often play a key role in ensuring supplies of vital materials that are either scarce or simply not available domestically. More generally, imports provide consumers and businesses in Oklahoma with wider choice in the marketplace, thereby enhancing living standards and contributing to competitiveness.

EXPORTS ARE SOLD FROM ALL OVER OKLAHOMA

Oklahoma's Merchandise Exports by Three-Digit Zip Code, 1999



Note: Oklahoma's total merchandise exports in 1999 were \$2.4 billion. Due to federal disclosure regulations, shading of zip codes 735, 736, and 737 refers to combined exports from these areas. Unshaded areas represent national forests and parks, federal and military reservations, localities without exports, and areas where export data are suppressed due to federal disclosure regulations.
Source: U.S. Department of Commerce, Exporter Location Series.